

Message Text

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PAGE 01 EC BRU 06811 121023Z

11

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 AGR-05 CEA-01 COME-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 PRS-01

SP-02 OMB-01 /087 W

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FM USMISSION EC BRUSSELS

TO ALL EC CAPITALS IMMEDIATE 2316

INFO SECSTATE WASHDC IMMEDIATE 1523

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USDEL MTN GENEVA TAKE AS INFO IMMEDIATE

E.O. 11652: N/A

TAGS: ETRD, EEC, EAGR

SUBJECT: SOMISSION PROPOSAL TO TAX VEGETABLE FATS AND OILS

REF: STATE 170962 (NOTAL)

1. IN CARRYING OUT WASHINGTON INSTRUCTIONS, ACTION ADDRESSEES SHOULD BEAR IN MIND IMPORTANCE FOR ACHIEVEMENT OF OUR OBJECTIVES THAT SEVERAL EC MEMBER STATE AGRICULTURAL MINISTERS SPEAK OUT AGAINST PROPOSED TAX ON VEGETABLE OILS AT AG COUNCIL MEETING JULY 19-20.

2. WE BELIEVE OIL PROCESSING INDUSTRY WILL BE ACTIVELY WORKING AGAINST TAX AND PERHAPS SOME CONSUMER RESISTANCE TO HIGHER MARGARINE PRICES WILL DEVELOP, BUT DANGER IS THAT POWERFUL DIRTY INTERESTS WILL BE MORE PERSUASIVE WITH AG MINISTERS THAN PROCESSORS AND OTHER INTERESTS, E.G., LIBERAL TRADE INTERESTS AND POLITICALLY SENSITIVE FOREIGN MINISTRIES. INDEED, OUR

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PAGE 02 EC BRU 06811 121023Z

EXPERIENCE IS THAT AG MINISTERS OFTEN GO THEIR OWN WAY, FRE-

QUENTLY IGNORING POSITIONS ADOPTED BY FOREIGN MINISTRIES,
ECONOMIC MINISTRIES, AND EVEN HEADS OF GOVERNMENTS. THUS EFFORT,
WHERE FEASIBLE, SHOULD BE MADE TO INFLUENCE AG MINISTRIES DIRECT-
LY AND IN OTHER CASES TO URGE GOVTS TO GET MESSAGE TO AG
MINISTERS.

3. AT THIS STAGE WE ARE CONVINCED IT WOULD BE ERROR TO GET
GOGGED DOWN ARGUING GATT LEGALITY -- SIMPLE POINT IS THAT
TAX WOULD BE TRADE RESTRICTIVE, THAT IT WOULD HURT US, BRAZIL,
AND MANY LDCS, AND THAT IF ENACTED, IT COULD PROVOKE
TRADE WAR, GIVEN SENSITIVITY AND IMPORTANCE OF US SOYBEAN
EXPORTS.HINTON

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Message Attributes

Automatic Decaptioning: X
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Concepts: FOREIGN RELATIONS, CUSTOMS DUTIES, DIPLOMATIC DISCUSSIONS, VEGETABLE OILS
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Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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To: ALL EC CAPITALS
Type: TE
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